

Mobil Federal (NM 0281482-A)

NE/4 NE/4 of Section 29

(All in Township 23 South, Range 31 East, NMPM.)

(3) The applicant presented land testimony showing that:

(a) Pogo owns 100% of the working interest in the Pure Gold "A," "B," and "D" Federal Leases;

(b) the working interest in the Mobil Federal Lease is owned as follows:

Pogo Producing Company	46.06%
Hunt Oil Company	29.33%
Southwest Royalties, Inc.	17.72%
Devon Energy Prod. Co., L.P.	6.89%

(c) Pogo operates all four leases;

(d) royalty interest ownership is common throughout all four leases; and

(e) Pogo will pay all costs related to the injection well, but all working interest owners will share in the benefit from the project.

(4) The West Sand Dunes-Delaware Pool was created by Division Order No. R-9709 dated August 25, 1992. The pool was discovered by Pogo's Mobil Federal Well No. 1, located in Unit J of Section 29, and currently comprises portions of Sections 20, 21, 28, 29, 31, 32, and 33 of Township 23 South, Range 31 East, NMPM, and Sections 4, 5, and 9 of Township 24 South, Range 31 East, NMPM.

(5) The applicant presented geologic evidence indicating that:

(a) the proposed injection interval, identified by the applicant as the "BC-4" interval, is located in the Brushy Canyon member of the Delaware formation;

(b) the "BC-4" interval, which occurs at a depth of approximately 7,725-7,800 feet in the Pure Gold "B" Federal Well No. 20, is the main producing interval within the West Sand Dunes-Delaware Pool and is continuous across the proposed pilot project area; and

(c) the only other interval currently being produced within the pilot